

Authentic EM: Alpha Isn't Just a Greek Letter

A core aspect of our team's investment approach is identifying opportunities in countries that emerging market investors often overlook. Greece, a country with a challenging economic history, is a prime example. Our investment thesis for Alpha Services and Holdings, a leading Greek banking institution, is built on Greece's remarkable economic transformation and Alpha's pivotal role in it.



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Analyst

32 Years Investment
Experience

Discovering Opportunities in Overlooked Markets: Alpha Services and Holdings

Alpha is one of Greece's largest banks, offering a diverse range of financial services to both corporate and retail clients. It has emerged as a success story despite Greece's past economic struggles. Through its credit discipline and robust balance sheet, Alpha has positioned itself to take advantage of various governmental programs to boost economic activity, such as the country's "Greece 2.0" plan and the European Union's Recovery and Resilience Facility. These initiatives focus on providing low-cost loans to strategic sectors, such as green energy and infrastructure, which help modernize and diversify Greece's economy, drive broader-based investments and generate follow-on economic growth.

Alpha plays a central role in this capital allocation mechanism, enabling the bank to expand its portfolio robustly. Additionally, consumer lending is expected to recover as GDP growth strengthens and consumer debt levels normalize, supported by government subsidies that help safeguard Greek citizens' financial stability.

We initially invested in Alpha over a decade ago and are excited to see the company capitalize on Greece's shift toward more orthodox economic policies, which have helped sustain its economic recovery. We believe Alpha will continue to be a bright spot in Europe, a region otherwise grappling with weak growth in its financial sector.

Connecting the Dots: Greece's Broader Investment Opportunity

Greece's economic history is one of the most challenging among emerging markets, with a devastating five consecutive years of GDP contraction starting in 2009. Although Greece is still associated with its past struggles, we see a different picture—one of resilient companies, progressive reforms, and emerging sectors poised for sustainable growth. Greece's journey from financial crisis to a robust emerging market in the heart of Europe offers a constructive tale for emerging markets investors willing to look beyond the BRIC countries.

Between 2009 and 2014, Greece faced massive debt burdens, sovereign credit downgrades, and reform efforts that were met with resistance, ultimately leading to its demotion from developed to emerging market status. While other investors were pulling out, we were early in identifying Greece's potential to recover. For over a decade, we have remained committed to Greece's long-term economic transformation, investing across sectors such as consumers, industrials and financials. Throughout our years of investing in Greece, we have developed a deep understanding of the local market. We have identified companies that not only survived the crisis but also emerged stronger, more disciplined and equipped with sustainable competitive advantages, led by seasoned management teams. Alpha has been a clear testament to this resilience.

Investment Risks: Investments will rise and fall with market fluctuations and investor capital is at risk. Investors investing in strategies denominated in non-local currency should be aware of the risk of currency exchange fluctuations that may cause a loss of principal. These risks, among others, are further described on the next page, which should be read in conjunction with this material.



The Importance of Engagement and Sustainability

Our experience in Greece reflects our broader investment philosophy. We travel extensively across emerging markets, conduct on-the-ground research and engage with management teams. Our process uncovers opportunities that can be easily missed when focusing top-down on more prominent markets.

Direct engagement with management teams gives us a deeper understanding of the business and local market dynamics, and, more importantly, helps us build trust. Over the past decade, our team has engaged with Alpha's management more than 20 times. These discussions have spanned a range of topics, from strategic plans and views on the local economy to a specific focus on sustainability.

In addition to offering environmental and social loans with favorable terms, Alpha has developed a robust educational platform, providing financial literacy programs for young students and digital training for aging adults. We believe in Alpha's commitment to supporting the people of Greece, and we see a clear alignment with our goal of delivering returns to our clients while contributing to a better future for the people in emerging markets.

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For the purpose of determining the portfolio's holdings, securities of the same issuer are aggregated to determine the weight in the Strategy. The holding mentioned above comprised of the following percentage of a representative account within the Artisan Sustainable Emerging Markets Strategy Composite's total net assets as of 31 Dec 2024: Alpha Services and Holdings SA 0.9%.

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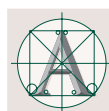
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